

D12A02
Department of Disabilities

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$2,715	\$2,723	\$2,767	\$44	1.6%
Contingent & Back of Bill Reductions	0	0	-2	-2	
Adjusted General Fund	\$2,715	\$2,723	\$2,765	\$42	1.6%
Special Fund	153	184	192	8	4.6%
Adjusted Special Fund	\$153	\$184	\$192	\$8	4.5%
Federal Fund	1,855	1,640	1,588	-51	-3.1%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Federal Fund	\$1,855	\$1,640	\$1,587	-\$52	-3.2%
Reimbursable Fund	607	1,700	1,162	-538	-31.7%
Adjusted Reimbursable Fund	\$607	\$1,700	\$1,162	-\$538	-31.7%
Adjusted Grand Total	\$5,330	\$6,246	\$5,706	-\$540	-8.6%

- The budget includes a fiscal 2013 \$44,000 special fund deficiency appropriation to provide post-secondary educational opportunities to members of the disabilities community.
- General funds increase \$42,418 after accounting for an across-the-board reduction in health insurance expenses, although \$11,749 of this change is due to the presence of Budget Restoration Funds in fiscal 2013, a State special fund.
- Reimbursable funds decline \$536,753, as a number of memoranda of understanding with other State agencies are expected to expire in fiscal 2014.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>
Regular Positions	22.80	23.80	23.80	0.00
Contractual FTEs	<u>8.50</u>	<u>12.40</u>	<u>6.10</u>	<u>-6.30</u>
Total Personnel	31.30	36.20	29.90	-6.30

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.71	3.00%
Positions and Percentage Vacant as of 12/31/12	0.00	0.00%

- The Department of Disabilities had no positions vacant as of December 31, 2012.
- The allowance reduces contractual full-time equivalent (FTE) employees by 6.3. The reduction is from two of the agency's units:
 - Office for Individuals with Disabilities, 4.9 FTEs: Driven by changes in reimbursable and federal funds, two employee contracts expired in December 2012, and the remaining were vacant positions deleted in the allowance.
 - Maryland Technology Assistance Program, 1.4 FTEs: A marketing director position was abolished, and two 0.4 FTE positions were reduced by 0.2 FTE each.

Analysis in Brief

Major Trends

Employment and Training: The first goal of the *State Disabilities Plan* focuses on employment and training to increase the employability and independence of individuals with disabilities. The agency tracks a number of related measures, including the number of persons with an Individualized Plan for Employment (IPE), a written plan for training and obtaining work. The number of people with an IPE has grown significantly since fiscal 2008.

Housing: The Maryland Department of Disabilities (MDOD) also works to ensure a wide variety of housing options for individuals with disabilities and tracks the number of people receiving rental and homeownership assistance through various programs. The number of individuals with disabilities receiving rental assistance declined in fiscal 2012, while housing assistance was stable. **MDOD should comment on efforts to increase affordable housing opportunities for the disabilities community.**

Recommended Actions

1. Concur with Governor's allowance.

Updates

Expiration of the Maryland Infrastructure Grant: The Maryland Infrastructure Grant was a federally funded grant aimed at increasing employment among individuals with disabilities. The grant has ended, and the last \$130,000 was appropriated in fiscal 2013. The agency is adapting to continue serving the community as best as possible. The largest project funded with the grant was the Employed Individuals with Disabilities (EID) Outreach Project, which assists people in applying for the EID program.

D12A02 – Department of Disabilities

D12A02
Department of Disabilities

Operating Budget Analysis

Program Description

The Maryland Department of Disabilities (MDOD) is the principal State agency responsible for developing, maintaining, revising, and enforcing statewide disability policies and standards throughout the units of State government. MDOD focuses on increasing the capacity of Maryland communities to provide services in inclusive settings, creating a citizen-centered delivery system that allows consumers to make meaningful choices and maintain control of their lives, bringing into the service delivery system elevated expectations about the capacities of individuals with disabilities, incorporating accessible design into communities and technologies, and constructing a seamless, responsive, and coordinated service delivery system. As part of this work, MDOD directs the development and implementation of the *State Disabilities Plan*.

The department also provides information, referral services, and expertise on the law and State compliance issues and manages the Medicaid Infrastructure Grant (MIG) for the State. In addition, MDOD administers the following programs:

- ***Constituent Services Program:*** Provides information, referrals, resource listings, and access assistance to individuals with disabilities, their families, and their caregivers.
- ***Attendant Care Program:*** Provides financial reimbursement for eligible individuals with chronic or severe physical disabilities who require attendant services.
- ***Maryland Technology Assistance Program (MDTAP):*** Provides technical assistance statewide for individuals with disabilities by making disability related technology more readily available.
- ***Access Maryland Program:*** Brings State-owned facilities into compliance with State and federal access requirements for people with disabilities.

MDOD's key goals are:

- that persons with disabilities improve their quality of life by acquiring assistive technology to work, operate businesses, excel in school, live in safe and accessible homes, enjoy independent transportation, and gain greater access to their communities;
- that persons with disabilities have community-based, self-directed, long-term services that enable them to live in the community;
- that persons with disabilities have access to reliable transportation options;

- that persons with disabilities have access to integrated training and employment options in the community;
- that persons with disabilities have access to affordable, accessible housing in communities of their choosing; and
- that Maryland’s State facilities and technology are accessible and universally designed to promote the independence and participation of people with disabilities.

Performance Analysis: Managing for Results

In its annual Managing for Results (MFR) submission, MDOD presents information not only on programs administered directly by MDOD, but on programs other State agencies oversee that serve individuals with disabilities. These MFR measures demonstrate MDOD’s role as a coordinating agency and highlight key areas of service for individuals with disabilities, such as employment, housing, community-based services, and transportation.

MDOD also produces the *State Disabilities Plan* and *Annual State Progress Analysis*. The *State Disabilities Plan* is to be revised every four years as a result of Chapter 207 of 2010, and an update was completed early in 2012. The 2012 *State Disabilities Plan* focuses on eight service areas. These areas are:

- Employment and Training
- Community Living
- Housing
- Education
- Children, Youth, and Families
- Technology
- Health and Behavioral Health
- Transportation

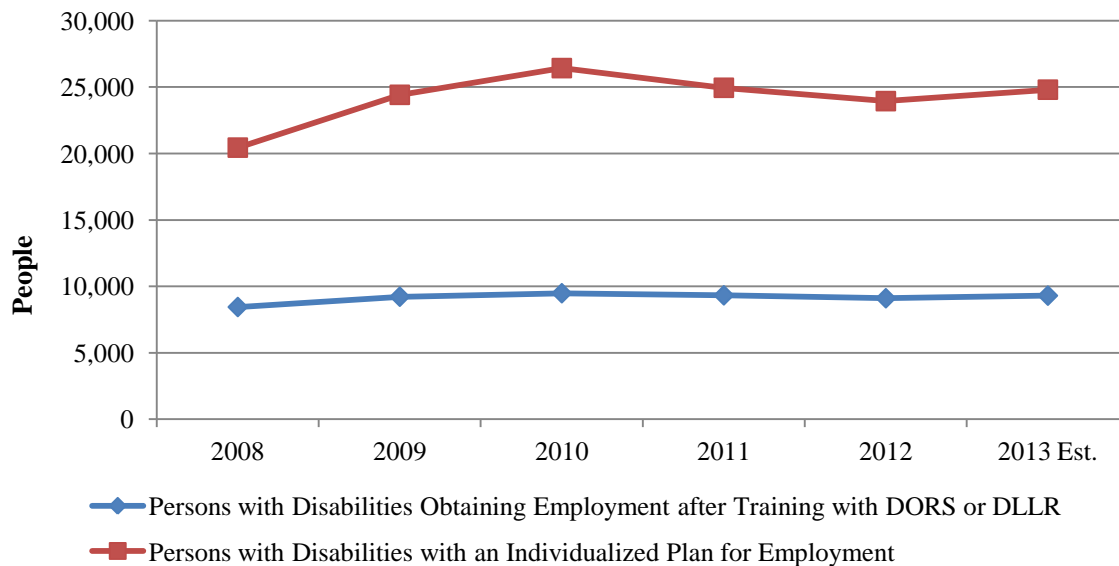
Each year, different aspects of MDOD’s work are reviewed in the budget analysis. This year’s focus is on (1) employment and training and (2) housing.

1. Employment and Training

The first goal in the State plan focuses on employment and training to increase the employability of individuals with disabilities. This is an important goal because those who work may be able to become self-sufficient and be less reliant upon State services. The department has identified over 100 businesses that hire workers with disabilities, and MDOD employs counselors to help individuals understand how their benefits will change when they enter employment. In addition, the Employed Individuals with Disabilities (EID) Program helps to increase employment by allowing a person to remain eligible for State services with higher income and asset levels.

Exhibit 1 shows two metrics reported by MDOD on job training and employment. The upper line measures the number of individuals with disabilities with an Individualized Plan for Employment, a written document outlining an individual's goals and the services and training they will receive that will help toward reaching those goals. The number grew 41.2% from fiscal 2008 to 2010, though it fell somewhat in fiscal 2011 and 2012. The agency expects a small increase in fiscal 2013 and 2014 due to an increase in both applications and eligibility determinations.

Exhibit 1
Persons with an Individualized Plan for Employment and Obtaining Employment
after Receiving Job Training with DORS or DLLR
Fiscal 2008-2013



DLLR: Department of Labor, Licensing, and Regulation
DORS: Division of Rehabilitation Services

Source: Governor's Budget Books, Fiscal 2011-2014

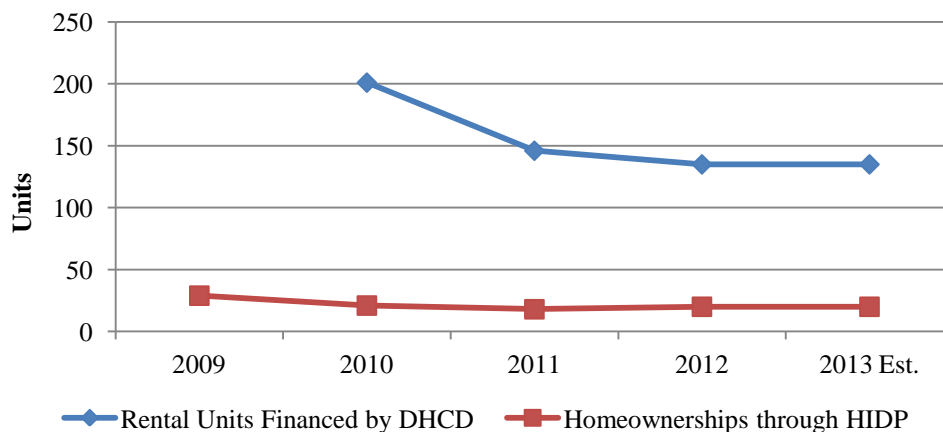
Exhibit 1 also shows the number of people each year obtaining employment after receiving job training by the Division of Rehabilitation Services (DORS) or the Department of Labor, Licensing, and Regulation (DLLR). This figure also increased between fiscal 2008 and 2010 before declining somewhat in fiscal 2011 and 2012, although at a slower rate. In fiscal 2012, 9,105 persons found employment after receiving training from either DORS or DLLR.

2. Housing

As stated in *State Disabilities Plan*, Marylanders with disabilities should “have a full array of housing options similar to their nondisabled peers.” MDOD works to obtain funding to provide affordable housing for the disabled community, and the *State Progress Analysis* highlights a \$330,000 Real Choice System Challenge grant won by the Department of Health and Mental Hygiene (DHMH) from the Centers for Medicare and Medicaid Services. This grant is to fund the development of long-term housing solutions for individuals with disabilities.

Two metrics related to housing are shown in **Exhibit 2**. The first is the number of rental units financed by the Department of Housing and Community Development (DHCD) that met Section 504 accessibility standards. The number fell to 135 in fiscal 2012 from 201 in fiscal 2010 (the first year data was available). Though DHCD applied for a share of an \$85 million federal grant to provide rental assistance for individuals with disabilities, it is not expected to have an effect in fiscal 2013. Maryland was one of 35 states to apply for the grant.

Exhibit 2
Rental Units Financed by DHCD and Homeownerships Financed by HIDP
Fiscal 2009-2013



DHCD: Department of Housing and Community Development
HIDP: Homeownership for Individuals with Disabilities Program

Source: Governor’s Budget Books, Fiscal 2012-2014

Exhibit 2 also shows the number of people obtaining homeownership with assistance through the Homeownership for Individuals with Disabilities Program, a loan assistance program available to individuals with disabilities. This metric also declined somewhat but appears relatively stable at 20 homes a year. The exhibit shows the production of rental units and home loans, MDOD also works to help members of the disabilities community afford them. **MDOD should comment on efforts to increase affordable housing opportunities for the disabilities community.**

Fiscal 2013 Actions

Proposed Deficiency

The allowance includes a \$44,000 special fund deficiency appropriation to fund a program with the University of Maryland Baltimore County to offer educational opportunities for individuals with intellectual disabilities and help increase their employability. The program was previously funded with money from the federal Medicaid Infrastructure Grant (MIG) and is continuing with support from a foundation grant.

Proposed Budget

Exhibit 3 shows the overall change in the MDOD budget between fiscal 2013 and 2014. The most significant changes occur within reimbursable funds, as programs implemented under agreements with the Developmental Disabilities Administration (DDA), Maryland Higher Education Commission, and Medicaid have programmed lower spending in fiscal 2014. The change in reimbursable funds drives the change in MDOD's overall budget. Reimbursable funds decline \$538,288 compared to an overall agency change of \$539,994.

In terms of agency-wide changes, most are driven by personnel expenses. The largest is an increase in employee retirement spending, which grows \$44,728. Contribution rates for regular employees' pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. The annualization of the fiscal 2013 2% employee cost-of-living adjustment increases the budget by \$15,593, an amount that is nearly entirely offset with a reduction in salary spending due to three new hires with lower salaries than the employees they replaced.

Exhibit 3
Proposed Budget
Department of Disabilities
(\$ in Thousands)

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
2013 Working Appropriation	\$2,723	\$184	\$1,640	\$1,700	\$6,246
2014 Allowance	<u>2,767</u>	<u>192</u>	<u>1,588</u>	<u>1,162</u>	<u>5,710</u>
Amount Change	\$44	\$8	-\$51	-\$538	-\$537
Percent Change	1.6%	4.6%	-3.1%	-31.7%	-8.6%
Contingent Reduction	-\$2	\$0	-\$1	\$0	-\$3
Adjusted Change	\$42	\$8	-\$52	-\$538	-\$540
Adjusted Percent Change	1.6%	4.5%	-3.2%	-31.7%	-8.6%

Where It Goes:**Personnel Expenses**

Employee retirement	\$45
Employee and retiree health insurance	26
Annualization of fiscal 2013 employee cost-of-living adjustment	19
Other fringe benefit adjustments	1
Decline in regular salaries	-16
Turnover	-2

Office for Individuals with Disabilities

Reduction in interim payments	-5
Office supplies	-15
Expiration of agreement with Maryland Higher Education Commission	-40
Reduction of contractual employees for MFP and EID	-102
Regional contracts for MDTAP and MFP	-171

Maryland Developmental Disabilities Council

Annualization of contractual employee payments	48
Reduction in spending on training for disabilities community	-283

Maryland Technology Assistance Program

Expected increase in rent and electricity costs from office relocation	41
Adjustment to contract with regional provider of MDTAP	-17
Reduction in contractual employee payments	-19

Where It Goes:

Agencywide Changes

Postage and telephone	-7
Travel.....	-10
Lower indirect cost recovery from federal government	-13
Other	-19
Total	-\$540

EID: Employed Individuals with Disabilities

MDTAP: Maryland Technology Assistance Program

MFP: Money Follow the Person

Note: Numbers may not sum to total due to rounding.

Office for Individuals with Disabilities

The Office for Individuals with Disabilities provides MDOD with administrative leadership. The unit's largest decline of \$171,218 is mainly due to changes in reimbursable funded contracts related to the MDTAP and Money Follows the Person (MFP) programs. For programs that MDOD cannot administer directly, it contracts with regional providers who are able to administer the services. An additional \$66,000 of the reduction is due to conclusion of the MIG in fiscal 2013. Spending on contractual employees supporting the reimbursable and federally funded activities also declines by \$102,426, and 4.9 contractual full-time equivalent (FTE) positions are abolished.

Maryland Developmental Disabilities Council

The largest change in the MDOD budget is a \$282,650 reduction to the Maryland Developmental Disabilities Council (DDC). DDC entered into an memorandum of understanding (MOU) with the DDA to offer training for members of the disabilities community across the State, including families, service providers, and advocates. The two-year MOU programs \$450,000 in fiscal 2013 and \$150,000 in fiscal 2014. The increase within the DDC budget is \$44,472 for payments to a federally funded contractual employee focusing on self-advocacy activities who began in fiscal 2013.

Maryland Technology Assistance Program

MDTAP's relatively modest change includes a \$41,317 increase in anticipation of a site relocation. MDTAP is currently located in an office separate from the rest of MDOD, and the department believes efficiencies would result if MDTAP and MDOD were to be located in the same place. Both offices' current leases expire in fiscal 2014. Finally, the downgrading of two partial contractual full-time equivalent positions from 0.4 to 0.2 resulted in a \$19,410 decline in contractual employee spending.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Expiration of the Maryland Infrastructure Grant

Maryland used the MIG grant to help persons with disabilities find and keep meaningful jobs. Originally administered by DHMH, MDOD took over responsibility for MIG in fiscal 2009. However, MDOD had previously received funds from the grant from other agencies through reimbursable funds.

One of the main projects funded with the MIG grant was outreach related to EID, a State and federally funded program. Started in fiscal 2006, EID enables individuals with disabilities who are employed to continue to receive State benefits even as their income and assets rise. Starting in fiscal 2007, MIG funded the EID Outreach Project to provide outreach and assistance to people applying for EID. The program answered questions from people applying, assisted them in completing the 16 page application, and made employers aware of qualified individuals with disabilities interested in employment.

With the expiration of MIG funding, the EID Outreach Project ended in summer 2012. To continue providing services, a group of nonprofit and community organizations has worked to answer applicant questions and complete applications over the phone. Although several contractual positions were deleted as a result of the grant's expiration, one will remain through an agreement with DORS. This employee works with individuals with disabilities to explain how their benefits may change as they begin to earn money through employment. One regular position is affected as well a grants manager position that was partially funded with MIG dollars but in the future will be funded completely with State funds.

Although much of MIG's focus was on EID, MDOD used it to support other projects as well. Fortunately, existing resources were found to continue many of the initiatives. For example, MDOD worked with the University of Maryland Baltimore County to create a postsecondary program for students with intellectual disabilities, a program the university will continue with support from a foundation grant. Similar examples can be found with DORS, DDA, and DLLR. These agencies are helping continue initiatives that were previously supported with MIG dollars.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Disabilities (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$2,712	\$168	\$2,241	\$403	\$5,523
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	12	1	5	413	431
Reversions and Cancellations	-9	-15	-391	-209	-624
Actual Expenditures	\$2,715	\$153	\$1,855	\$607	\$5,330
Fiscal 2013					
Legislative Appropriation	\$2,723	\$172	\$1,634	\$764	\$5,292
Budget Amendments	0	12	6	936	954
Working Appropriation	\$2,723	\$184	\$1,640	\$1,699.845	\$6,246

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

A one-time State employee bonus added to the department's appropriation \$11,137 in general funds, \$807 in special funds, and \$4,842 in federal funds. An additional \$1,246 in general funds resulted from a realignment of telecommunications spending within executive agencies.

MDOD also received several reimbursable fund amendments during the year:

- \$48,064 to implement an agreement with the Maryland Higher Education Commission (MHEC) on the Federal College Access Challenge Grant.
- \$99,000 related to an agreement with the Department of Health and Mental Hygiene (DHMH) to create a database of the State's needs and resources for families of children with special health care needs.
- \$87,500 to fund a multi-year memorandum of understanding (MOU) with the DDA to implement programs for the developmental disabilities community.
- \$125,000 related to a separate DHMH agreement to fund the MFP program in fiscal 2012.
- \$53,808 from DHMH to hire 2 contractual employees to assist with the MFP program.

At the close of the fiscal year, \$624,356 of the department's appropriation reverted to fund balance or was cancelled. The largest was \$391,682 in federal funds from delays in contracts and delays in spending MIG funding. This money reverted to the agency's federal fund balance at the end of the fiscal year. A \$209,417 reimbursable fund cancellation was due to delays in implementing MOUs with DHMH and MHEC.

Fiscal 2013

An employee cost-of-living adjustment adds \$11,749 in special funds through the Budget Restoration Fund and \$5,766 in federal funds to the agency's budget.

Four additional reimbursable fund amendments have been processed so far in fiscal 2013:

- \$450,000 from a new MOU with DDA to provide the disabilities community with training opportunities for the disabilities community.
- \$269,036 to continue work on the MFP program as part of an agreement with DHMH.
- \$175,000 to continue an existing MOU with DDA to implement programs for the developmental disabilities community.
- \$42,295 to continue the agency's work related to the Federal College Access Challenge Grant agreement with MHEC. The MOU expires in fiscal 2013.

Audit Findings

Audit Period for Last Audit:	April 1, 2009 – March 13, 2012
Issue Date:	November 2012
Number of Findings:	2
Number of Repeat Findings:	2
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: **MDOD was not in compliance with certain State regulations pertaining to the Attendant Care Program.**

Finding 2: **Adequate controls were not established over MDOD’s capital equipment.**

*Bold denotes item repeated in full or part from preceding audit report.

**Object/Fund Difference Report
Department of Disabilities**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	22.80	23.80	23.80	0.00	0%
02 Contractual	8.50	12.40	6.10	-6.30	0%
Total Positions	31.30	36.20	29.90	-6.30	0%
Objects					
01 Salaries and Wages	\$ 2,084,548	\$ 2,175,498	\$ 2,251,546	\$ 76,048	3.5%
02 Technical and Spec. Fees	350,787	421,562	357,644	-63,918	-15.2%
03 Communication	43,866	43,256	29,348	-13,908	-32.2%
04 Travel	56,041	53,219	43,215	-10,004	-18.8%
06 Fuel and Utilities	11,486	13,046	23,011	9,965	76.4%
07 Motor Vehicles	26,411	29,800	39,319	9,519	31.9%
08 Contractual Services	299,800	1,000,865	757,335	-243,530	-24.3%
09 Supplies and Materials	33,513	38,930	24,647	-14,283	-36.7%
10 Equipment – Replacement	10,639	6,697	6,538	-159	-2.4%
11 Equipment – Additional	71,044	19,986	19,012	-974	-4.9%
12 Grants, Subsidies, and Contributions	2,182,692	2,286,591	1,961,593	-324,998	-14.2%
13 Fixed Charges	159,585	156,846	196,353	39,507	25.2%
Total Objects	\$ 5,330,412	\$ 6,246,296	\$ 5,709,561	-\$ 536,735	-8.6%
Funds					
01 General Fund	\$ 2,715,164	\$ 2,722,868	\$ 2,767,270	\$ 44,402	1.6%
03 Special Fund	153,016	183,999	192,441	8,442	4.6%
05 Federal Fund	1,855,138	1,639,584	1,588,293	-51,291	-3.1%
09 Reimbursable Fund	607,094	1,699,845	1,161,557	-538,288	-31.7%
Total Funds	\$ 5,330,412	\$ 6,246,296	\$ 5,709,561	-\$ 536,735	-8.6%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

**Fiscal Summary
Department of Disabilities**

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
1100 Office For Individuals With Disabilities	\$ 1,986,126	\$ 2,648,293	\$ 2,314,782	-\$ 333,511	-12.6%
1101 Attendant Care Program	1,296,502	1,295,582	1,289,867	-5,715	-0.4%
1130 Maryland Developmental Disabilities Council	1,389,474	1,649,243	1,433,730	-215,513	-13.1%
1160 Technology Assistance Program	658,310	653,178	671,182	18,004	2.8%
Total Expenditures	\$ 5,330,412	\$ 6,246,296	\$ 5,709,561	-\$ 536,735	-8.6%
General Fund	\$ 2,715,164	\$ 2,722,868	\$ 2,767,270	\$ 44,402	1.6%
Special Fund	153,016	183,999	192,441	8,442	4.6%
Federal Fund	1,855,138	1,639,584	1,588,293	-51,291	-3.1%
Total Appropriations	\$ 4,723,318	\$ 4,546,451	\$ 4,548,004	\$ 1,553	0%
Reimbursable Fund	\$ 607,094	\$ 1,699,845	\$ 1,161,557	-\$ 538,288	-31.7%
Total Funds	\$ 5,330,412	\$ 6,246,296	\$ 5,709,561	-\$ 536,735	-8.6%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.